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KUALA LUMPUR, JUNE 6th (BERNAMA) -- PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY THE GOVERNMENT AGREED TO GRANT PART OF THE PAY CLAIMS MADE BY ITS EMPLOYEES AS IT WANTS THE COUNTRY TO CONTINUE FUNCTIONING SMOOTHLY IN THE FACE OF THE CURRENT ECONOMIC RECESSION.

HE SAID THAT IF THE WORKERS WENT THROUGH WITH THEIR THREAT TO RESORT TO INDUSTRIAL ACTION TO BACK THEIR DEMANDS, THE COUNTRY AND THE GOVERNMENT WOULD SUFFER GREAT LOSS.

+TO AVOID THIS, THE GOVERNMENT AGREED TO FULFIL THE CLAIMS,+ HE SAID AFTER WITNESSING THE SIGNING OF A JOINT DECLARATION BETWEEN THE GOVERNMENT AND CUEPACS AND THE NATIONAL JOINT COUNCILS (STAFF SIDE) ON A SALARY ADJUSTMENT FOR PUBLIC SECTOR EMPLOYEES. THE CEREMONY WAS HELD AT THE PRIME MINISTER'S DEPARTMENT HERE.

FOLLOWING 20 MONTHS OF DISPUTE OVER THE WAGE CLAIMS, THE GOVERNMENT AGREED TO GIVE A PAY RISE OF BETWEEN \$15 AND \$25 TO THE 500,000-ODD CATEGORY D WORKERS. THE INCREASE MEANS THE GOVERNMENT WILL HAVE TO SHELL OUT AN ADDITIONAL \$125 MILLION ANNUALLY.

DATUK SERI DR MAHATHIR BEGAN HIS SPEECH BY THANKING THE VARIOUS PARTIES CONCERNED FOR REACHING A SETTLEMENT THAT SATISFIED ALL SIDES. -- MORE

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HE SPOKE OF THE COUNTRY'S FINANCIAL POSITION WHICH HE SAID HAD BEEN ADVERSELY AFFECTED BY THE RECESSION AND THE FALL IN COMMODITY PRICES.

+I AM THANKFUL THAT BOTH SIDES UNDERSTAND THE PROBLEMS WE ARE FACING AND ACCEPT THE REALITY OF THE NATION'S FINANCIAL SITUATION,+ HE SAID.

HE SAID THE SHORTAGE OF FUNDS WAS WORRYING, ADDING THAT THE GOVERNMENT WOULD EXPERIENCE A CURRENT ACCOUNT DEFICIT OF \$1.4 BILLION THIS YEAR, WITH THE FIGURE EXPECTED TO RISE TO \$4 BILLION NEXT YEAR IF EXPORTS REMAINED AT THE CURRENT LEVEL.

ON THE PAY INCREASE FOR ONLY CATEGORY D WORKERS, DATUK SERI DR MAHATHIR SAID EVERYONE INVOLVED AGREED THAT THOSE WORKERS WERE THE HARDEST-HIT BY THE RECESSION.

HE DREW ATTENTION TO THE FACT THAT THE ADDITIONAL \$125 MILLION NEEDED TO PAY THE INCREASE FROM THIS MONTH WOULD AGGRAVATE THE COUNTRY'S CURRENT DEFICIT POSITION. -- MORE

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+NEVERTHELESS, THE GOVERNMENT IS WILLING TO SHOULDER THIS BURDEN AS IT WANTS TO SEE THE COUNTRY CONTINUE FUNCTIONING SMOOTHLY IN EFFORTS TO OVERCOME THE RECESSION,+ HE SAID.

ON THE SUGGESTION BY CUEPACS PRESIDENT A.RAGUNATHAN THAT THE GOVERNMENT ACT MORE FIRMLY IN LOWERING PRICES OF CONSUMER GOODS, DATUK SERI DR MAHATHIR ASSURED THAT THE GOVERNMENT WOULD TRY ITS BEST TO HAVE THE PRICES OF ESSENTIAL GOODS FURTHER REDUCED.

HE URGED WORKERS TO STEP UP EFFICIENCY AND PRODUCTIVITY TO PAVE THE WAY FOR THE PRODUCTION OF CHEAP BUT QUALITY GOODS THAT COULD COMPETE WITH ITEMS FROM OTHER COUNTRIES.

HE SAID A PRODUCTIVITY BOOST IN GOVERNMENT DEPARTMENTS WOULD LEAD TO HIGHER NATIONAL PRODUCTIVITY AND NATIONAL REVENUE.

DATUK SERI DR MAHATHIR SAID THE GOVERNMENT WAS ALSO PRIVATISING SEVERAL OF ITS DEPARTMENTS TO TRIM ITS SALARIES BILL. -- MORE
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REDUCING THE SIZE OF THE PUBLIC SECTOR WORKFORCE WOULD ENABLE THE GOVERNMENT TO PAY HIGHER SALARIES TO THE REST, BUT THEY MUST STEP UP THEIR PRODUCTIVITY TO HELP INTENSIFY ECONOMIC ACTIVITY.

HOWEVER, HE SAID, PAY RISES WOULD NOT BE SO HIGH AS TO FORCE UP PRODUCTION COSTS AND AFFECT MARKETING OF MALAYSIAN PRODUCTS.

DATUK SERI DR MAHATHIR SAID THE PRODUCTION COST OF MALAYSIAN PALM OIL WAS TOO HIGH AT PRESENT WHEN COMPARED WITH OTHER COUNTRIES, RESULTING IN DIFFICULTY IN MARKETING THE COMMODITY. -- BERNAMA
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